



The City of New York
Department of Investigation

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DOI INVESTIGATION EXPOSING CHILD CARE AND BENEFIT FRAUD LEADS TO CONVICTIONS AND PRISON

The New York City Department of Investigation ("DOI") announced today that its investigation finding the theft of more than \$116,000 in City-administered child care subsidies, cash assistance, and food stamp benefits has resulted in two individuals pleading guilty, one of whom was sentenced today to a prison term.

SHANEL NADAL, 30, and JOHN PAYNE, 37, both of Manhattan, were arrested in April 2013 and pleaded guilty in December 2013 to grand larceny and welfare fraud charges. Today, in New York State Supreme Court, before Justice Gregory Carro, NADAL was sentenced to 1½ to 4½ years in prison on her plea of guilty to charges of Grand Larceny in the Second Degree and Welfare Fraud in the Second Degree, class C felonies. PAYNE is scheduled to be sentenced January 22, 2014 on his plea of guilty to the charges of Grand Larceny in the Third Degree and Welfare Fraud in the Third Degree, class D felonies.

In 2009, the City Administration for Children's Services ("ACS") placed SHANEL NADAL's and JOHN PAYNE's then-seven children in foster care. The couple's eighth child, who was born in September 2010, was placed in foster care in early 2011. DOI's investigation began after NADAL and PAYNE removed their eight children from foster care without permission in September 2011, leading to the discovery by the City's Human Resources Administration ("HRA") that City child day care payments were made to the children's biological father, JOHN PAYNE. In fact, DOI's investigation found that from 2008 through 2011 SHANEL NADAL filed three fraudulent child care enrollment forms with HRA that falsely identified PAYNE as her children's uncle and paid child care provider, when, in fact, he, as the children's father, was ineligible to collect City day care subsidies to care for his own children. PAYNE collected more than \$44,000 in unearned child care subsidies from ACS. DOI found that NADAL fraudulently collected more than \$43,000 in Food Stamps and Cash Assistance benefits from HRA by claiming that seven of her children were residing with her when, in fact, they were in foster care.

The office of New York County District Attorney Cyrus R. Vance, Jr., prosecuted these cases.

Acting DOI Commissioner Victor Olds thanks New York County District Attorney Cyrus R. Vance, Jr., ACS Commissioner Gladys Carrión, HRA Acting Commissioner Kathleen Carlson, and DEP Commissioner Carter Strickland and their staffs for their assistance in this investigation.

The investigation was conducted by DOI's Office of the Inspector General for HRA and ACS with the assistance of HRA's Bureau of Fraud Investigation.

Assistant District Attorney Gregory LeDonne of the New York County District Attorney's Office is prosecuting the case, under the supervision of Assistant District Attorney Daniela Gallo, Chief of the Public Assistance Fraud Unit.

An indictment is an accusation. A defendant is presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

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